



# **Purchasing & Contracting**



# Purchasing & Contracting



## Department Description

The Purchasing & Contracting Department is responsible for the City's centralized procurement and materials management functions to ensure the availability of materials, supplies, equipment and services to meet the City's capital improvement Program and operational needs. The Department manages the awarding of contracts for professional and general services that are necessary to support the City's operational and administrative functions. Multiple teams of procurement professionals carry on the daily operational contracting needs of the organization; maintain the warehousing of essential materials; support mail center operations; and administer internal service level agreements.

The Department's mission is:

*To assist City departments and customers in the centralized acquisition of supplies and services*

## Goals and Objectives

The following goals and objectives represent the action plan for the Department.

### ***Goal 1: Procure high quality products and services for the best value***

Providing quality products and services allows the Department to meet the various needs of its customers. The Department continues to move toward accomplishing this goal by focusing on the following objectives.

- Standardize Department operations
- Streamline procurement measures
- Implement strategic sourcing
- Improve vendor performance measurement

### ***Goal 2: Effectively manage contracts and related data***

Having well-managed contracts, agreements and supporting documents aid in the effective operation of the Department and the City as a whole. This will result in more efficient and timely receipt of goods and professional services. The Department moves toward accomplishing this goal by focusing on the following objectives.

- Implement integrated technical solutions for comprehensive contract management
- Provide customers with increased outreach on bid opportunities
- Improve staff contract administration training
- Streamline internal customer complaint notification process

# Purchasing & Contracting

## ***Goal 3: Provide excellent customer service***

Ensuring that our customers are provided excellent service is paramount to the organization. We must ensure that the Department is able to deliver accurate and timely customer service to enable City employees to perform their jobs more effectively. The Department moves toward accomplishing this goal by focusing on the following objectives.

- Improve guidance and resources available for internal and external customers
- Provide basic customer service training for Department staff
- Enhance Departmental teamwork

## ***Goal 4: Pursue continuous workforce learning to ensure critical, high quality skill sets***

Developing and retaining a trained and skilled workforce is essential to the success of the Department. Ensuring that our employees are adequately trained, continue to pursue continuous education and take advantage of development opportunities help create a high performing organization that operates more efficiently and effectively. The Department moves toward accomplishing this goal by focusing on the following objectives.

- Participate in professional organizations and regional contracting efforts
- Implement monthly internal professional development training
- Implement team rotations and cross training

## Service Efforts and Accomplishments

The Purchasing & Contracting Department received the Achievement of Excellence in Procurement Award from the National Purchasing Institute, an award that recognizes organizational excellence in procurement. The Department also received recognition at the 2006 San Diego Earth Awards as an Environmental Partner.

Expansion of the City-wide Procurement Card Program has been completed with the successful migration of a significant volume of essential purchases (\$6.8 million spent volume in Fiscal Year 2007) realized in a more efficient manner.

The Business Process Reengineering (BPR) study for contracts resulted in a newly formed Department of Purchasing & Contracting which consolidated all pre-award contract activities into one department. As a result of the BPR, the City's Central Stores consolidated its warehouse operations and realized a \$1.5 million cost savings in Fiscal Year 2006-2007.

The Department has standardized all City construction, professional services, consultant and commodity contracts and bid documents. Purchasing & Contracting has developed a Request for Proposals team with templates and City-wide procedures for large consultant contracts. The Department has also presented more than fifteen educational sessions regarding Purchasing & Contracting operations to City employees and external customers.

Another significant effort was the implementation of the Living Wage Ordinance on July 1, 2006 for City service contracts. The Department is responsible for the continual monitoring of the City's contracts for compliance with the mandates of the Living Wage Ordinance, and responding to and resolving complaints from employees of contracted firms.

Purchasing & Contracting was able to expedite procurement and contract support during the Mount. Soledad landslide and the fire emergencies, supporting rapid response and remediation activities.

# Purchasing & Contracting

## Budget Dollars at Work: Performance Expectations

### Goal 1: Procure high quality products and services for the best value

Performance Measure	Baseline FY2007	Estimated FY2008	Target FY2009
1. Percent reduction in pre-award timelines	N/A	10%	10%
2. Average time from bid opening to construction contract award	N/A	120 days	90 days
3. Average time from proposal receipt to vendor selection/contract award	N/A	120 days	120 days
4. Number of sustained contract protests	0	0	0

### Goal 2: Effectively manage contracts and related data

Performance Measure	Baseline FY2007	Estimated FY2008	Target FY2009
1. Percent of contracts included in online document management system	N/A	0	33%
2. Average length of time to complete investigations regarding violations of Living Wage Ordinance	N/A	100 days	90 days

### Goal 3: Provide excellent customer service

Performance Measure	Baseline FY2007	Estimated FY2008	Target FY2009
1. Percent of customer survey results above satisfactory	N/A	85%	90%
2. Percent of employees receiving customer services training	N/A	50%	100%
3. Average time to establish purchase order	N/A	10 days	7 days

### Goal 4: Pursue continuous workforce learning to ensure critical, high quality skill sets

Performance Measure	Baseline FY2007	Estimated FY2008	Target FY2009
1. Percent of eligible employees with professional certification	20%	10%	50%
2. Percent of eligible employees participating in professional organizations	N/A	20%	50%

## Budget Dollars at Work: Sizing and Workload Data

	FY2005	FY2006	FY2007	Estimated FY2008	Target FY2009
<b>Sizing Data</b>					
Procurement card spend volume	N/A	\$3.5M	\$6.9M	\$11M	\$11M
Number of attendees at "How to Do Business with the City" workshops	N/A	N/A	36	64	64
<b>Workload Data</b>					
Number of purchase orders generated	11,853	3,327	8,935	5,187	7,325
Value of purchase orders generated	\$521.0M	\$209.2M	\$439.8M	\$444.8M	\$403.2M
Number of procurement contracts	438	470	530	550	500
Value of procurement contracts	\$57.8M	\$60.2M	\$91.8M	\$85M	\$90M
Number of construction contracts	88	61	70	85	100
Value of construction contracts	\$94.8M	\$39.8	\$48.6	\$60M	\$99M



# Purchasing & Contracting

## Department Summary

Purchasing & Contracting				
	FY 2007 BUDGET	FY 2008 BUDGET	FY 2009 PROPOSED	FY 2008-2009 CHANGE
Positions	85.00	74.00	65.00	(9.00)
Personnel Expense	\$ 6,388,716	\$ 6,366,024	\$ 5,246,947	\$ (1,119,077)
Non-Personnel Expense	\$ 18,365,356	\$ 23,076,776	\$ 22,989,569	\$ (87,207)
<b>TOTAL</b>	<b>\$ 24,754,072</b>	<b>\$ 29,442,800</b>	<b>\$ 28,236,516</b>	<b>\$ (1,206,284)</b>

## Department Staffing

	FY 2007 BUDGET	FY 2008 BUDGET	FY 2009 PROPOSED
<b>GENERAL FUND</b>			
<b>Equal Opportunity Contracting</b>			
Business Opportunity Center	5.00	0.00	0.00
Consultant Services	3.00	0.00	0.00
EOCP-Contract and Labor Compliance	17.00	0.00	0.00
<b>Total</b>	<b>25.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Purchasing</b>			
Division Management and Support	1.50	0.00	0.00
Requisition, P.O., and Contract Mgmt	20.00	0.00	0.00
Service Enhancement and Outreach	0.50	0.00	0.00
<b>Total</b>	<b>22.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Purchasing &amp; Contracting</b>			
Public Works Contracting	15.00	0.00	0.00
Purchasing & Contracting Admin	1.00	0.00	0.00
Purchasing & Contracting Operations	0.00	34.00	41.00
Purchasing & Contracting Programs	0.00	18.00	2.00
<b>Total</b>	<b>16.00</b>	<b>52.00</b>	<b>43.00</b>
<b>CENTRAL STORES INTERNAL SERVICE FUND</b>			
<b>Central Stores</b>			
Mailroom Operations	7.00	7.00	7.00
Storeroom Operations	11.00	11.00	11.00
Stores Accounting	4.00	4.00	4.00
<b>Total</b>	<b>22.00</b>	<b>22.00</b>	<b>22.00</b>
<b>DEPARTMENT TOTAL</b>	<b>85.00</b>	<b>74.00</b>	<b>65.00</b>

# Purchasing & Contracting

## Department Expenditures

	FY 2007 BUDGET	FY 2008 BUDGET	FY 2009 PROPOSED
<b>GENERAL FUND</b>			
<b>Equal Opportunity Contracting</b>			
Business Opportunity Center	\$ 508,266	\$ -	\$ -
Consultant Services	\$ 241,713	\$ -	\$ -
EOCP-Contract and Labor Compliance	\$ 1,851,190	\$ -	\$ -
Equal Opportunity Contracting	\$ (171,323)	\$ -	\$ -
<b>Total</b>	<b>\$ 2,429,846</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Purchasing</b>			
Division Management and Support	\$ 216,552	\$ -	\$ -
Purchasing	\$ (121,312)	\$ -	\$ -
Requisition, P.O., and Contract Mgmt	\$ 1,768,631	\$ -	\$ -
Service Enhancement and Outreach	\$ 117,638	\$ -	\$ -
<b>Total</b>	<b>\$ 1,981,509</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Purchasing &amp; Contracting</b>			
Public Works Contracting	\$ 1,149,714	\$ -	\$ -
Purchasing & Contracting	\$ (4,167)	\$ 52,780	\$ (142,248)
Purchasing & Contracting Admin	\$ 500,115	\$ -	\$ -
Purchasing & Contracting Operations	\$ -	\$ 3,141,490	\$ 4,175,284
Purchasing & Contracting Programs	\$ -	\$ 2,419,229	\$ 413,745
<b>Total</b>	<b>\$ 1,645,662</b>	<b>\$ 5,613,495</b>	<b>\$ 4,446,781</b>
<b>CENTRAL STORES INTERNAL SERVICE FUND</b>			
<b>Central Stores</b>			
Central Stores	\$ 924	\$ 27,199	\$ 74,410
Division Management	\$ 56,534	\$ 54,551	\$ 41,555
Inventory Purchases	\$ 16,967,515	\$ 21,967,515	\$ 21,967,515
Mailroom Operations	\$ 459,577	\$ 485,757	\$ 498,643
Storeroom Operations	\$ 890,663	\$ 965,999	\$ 917,034
Stores Accounting	\$ 321,842	\$ 328,280	\$ 290,578
<b>Total</b>	<b>\$ 18,697,055</b>	<b>\$ 23,829,301</b>	<b>\$ 23,789,735</b>
<b>DEPARTMENT TOTAL</b>	<b>\$ 24,754,072</b>	<b>\$ 29,442,800</b>	<b>\$ 28,236,516</b>



# Purchasing & Contracting

## Significant Budget Adjustments

### GENERAL FUND

Equal Opportunity Contracting	Positions	Cost	Revenue
<b>Salary and Benefit Adjustments</b> Adjustments to reflect the annualization of the Fiscal Year 2008 negotiated salary compensation schedule, changes to average salaries, retirement contributions, retiree health contributions, and other benefit compensation.	0.00 \$	(4) \$	0
Purchasing & Contracting	Positions	Cost	Revenue
<b>Salary and Benefit Adjustments</b> Adjustments to reflect the annualization of the Fiscal Year 2008 negotiated salary compensation schedule, changes to average salaries, retirement contributions, retiree health contributions, and other benefit compensation.	0.00 \$	67,678 \$	0
<b>Engineering &amp; Capital Projects Business Process Reengineering (BPR)</b> Adjustments to reflect the budgetary implementation of the Engineering & Capital Projects BPR, including the consolidation of all engineering and capital project functions into the Engineering & Capital Projects Department.	2.00 \$	218,041 \$	0
<b>Mandated Addition</b> Addition of 1.00 Senior Management Analyst position dedicated to the Living Wage Ordinance function.	1.00 \$	106,045 \$	0
<b>Funding for the Enterprise Resource Planning (ERP) Limited Positions</b> Addition of 1.00 limited Procurement Specialist and associated revenue to backfill FTE assigned to the Enterprise Resource Planning (ERP) project implementation.	1.00 \$	89,393 \$	90,056
<b>Transfer of Position from Central Stores</b> Transfer of 1.00 Payroll Specialist I from Central Stores to Purchasing & Contracting.	1.00 \$	63,890 \$	0
<b>Support for Information Technology</b> Funding allocated according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00 \$	199 \$	0
<b>Revised Revenue</b> Adjustment to reflect Fiscal Year 2009 revenue projections.	0.00 \$	0 \$	(601,916)
<b>Non-Discretionary</b> Adjustments to expenses that are determined outside of the Department's direct control. Examples of these adjustments include utilities, insurance, and rent.	0.00 \$	(7,965) \$	0

# Purchasing & Contracting

## Significant Budget Adjustments

### GENERAL FUND

<b>Purchasing &amp; Contracting</b>	<b>Positions</b>	<b>Cost</b>	<b>Revenue</b>
<b>Central Stores Transfer</b> Transfer of 1.00 Account Clerk to Central Stores.	(1.00) \$	(61,681) \$	0
<b>Vacancy Savings</b> Adjustments in personnel expense from positions that are projected to be vacant for a period of time in Fiscal Year 2009 due to personnel transition and salary differentials for new employees.	0.00 \$	(142,248) \$	0
<b>Business Office Transfer</b> Transfer of 1.00 Managed Competition Program Manager, 2.00 Senior Management Analysts, 1.00 Associate Engineer-Civil, and associated non-personnel expenditures to administer Managed Competition.	(4.00) \$	(525,542) \$	0
<b>Transfer of Positions to the Administration Department</b> Transfer of 2.00 Supervising Management Analysts, 6.00 Senior Management Analysts, 1.00 Word Processing Operator, and associated non-personnel expenditures to the Equal Opportunity Contracting Program.	(9.00) \$	(974,524) \$	0

### CENTRAL STORES INTERNAL SERVICE FUND

<b>Central Stores</b>	<b>Positions</b>	<b>Cost</b>	<b>Revenue</b>
<b>Salary and Benefit Adjustments</b> Adjustments to reflect the annualization of the Fiscal Year 2008 negotiated salary compensation schedule, changes to average salaries, retirement contributions, retiree health contributions, and other benefit compensation.	0.00 \$	15,106 \$	0
<b>Purchasing &amp; Contracting Transfer</b> Transfer of 1.00 Account Clerk from Purchasing & Contracting to Central Stores.	1.00 \$	61,681 \$	0
<b>Funding for the Enterprise Resources Planning (ERP) System</b> This System will integrate all data and processes of the City's core functions into a unified data system. The ERP will replace independent applications the City has in place that will eliminate the need for external interfaces, provide a range of standardization, reduce maintenance, and allow for greater reporting capabilities.	0.00 \$	11,551 \$	0
<b>Support for Information Technology</b> Funding allocated according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00 \$	2,600 \$	0

# Purchasing & Contracting

## Significant Budget Adjustments

### CENTRAL STORES INTERNAL SERVICE FUND

Central Stores	Positions	Cost	Revenue
<b>Vacancy Savings</b>	0.00 \$	(30,022) \$	0
Adjustments in personnel expense from positions that are projected to be vacant for a period of time in Fiscal Year 2009 due to personnel transition and salary differentials for new employees.			
<b>Non-Discretionary</b>	0.00 \$	(36,592) \$	0
Adjustments to expenses that are determined outside of the Department's direct control. Examples of these adjustments include utilities, insurance, and rent.			
<b>Transfer of Position to Purchasing &amp; Contracting</b>	(1.00) \$	(63,890) \$	0
Transfer of 1.00 Payroll Specialist I from Central Stores to Purchasing & Contracting.			

## Expenditures by Category

	FY 2007 BUDGET	FY 2008 BUDGET	FY 2009 PROPOSED
<b>PERSONNEL</b>			
Salaries & Wages	\$ 4,211,340	\$ 4,114,998	\$ 3,375,477
Fringe Benefits	\$ 2,177,376	\$ 2,251,026	\$ 1,871,470
<b>SUBTOTAL PERSONNEL</b>	\$ 6,388,716	\$ 6,366,024	\$ 5,246,947
<b>NON-PERSONNEL</b>			
Supplies & Services	\$ 17,829,878	\$ 22,765,737	\$ 22,699,552
Information Technology	\$ 354,839	\$ 164,611	\$ 160,625
Energy/Utilities	\$ 154,095	\$ 119,884	\$ 107,848
Equipment Outlay	\$ 26,544	\$ 26,544	\$ 21,544
<b>SUBTOTAL NON-PERSONNEL</b>	\$ 18,365,356	\$ 23,076,776	\$ 22,989,569
<b>TOTAL</b>	\$ 24,754,072	\$ 29,442,800	\$ 28,236,516

## Revenues by Category

	FY 2007 BUDGET	FY 2008 BUDGET	FY 2009 PROPOSED
<b>GENERAL FUND</b>			
Revenue from Other Agencies	\$ 109,309	\$ 31,200	\$ 35,000
Charges for Current Services	\$ 3,077,182	\$ 1,345,781	\$ 791,174
Transfers from Other Funds	\$ 142,683	\$ -	\$ -
Other Revenues	\$ -	\$ -	\$ 38,947
<b>TOTAL</b>	\$ 3,329,174	\$ 1,376,981	\$ 865,121

# Purchasing & Contracting

## Salary Schedule

### GENERAL FUND

#### Purchasing & Contracting

<i>Class</i>	<i>Position Title</i>	<i>FY 2008 Positions</i>	<i>FY 2009 Positions</i>		<i>Salary</i>	<i>Total</i>
1104	Account Clerk	1.00	<b>0.00</b>	\$	-	\$ -
1105	Administrative Aide I	2.00	<b>2.00</b>	\$	43,820	\$ 87,640
1106	Sr Management Analyst	7.00	<b>2.00</b>	\$	71,273	\$ 142,546
1107	Administrative Aide II	2.00	<b>2.00</b>	\$	50,492	\$ 100,984
1218	Assoc Management Analyst	5.00	<b>5.00</b>	\$	64,335	\$ 321,675
1221	Assoc Engineer-Civil	3.00	<b>2.00</b>	\$	80,375	\$ 160,750
1237	Payroll Specialist I	0.00	<b>1.00</b>	\$	39,514	\$ 39,514
1282	Procurement Specialist	7.00	<b>8.00</b>	\$	59,285	\$ 474,280
1287	Buyers Aide II	1.00	<b>1.00</b>	\$	44,928	\$ 44,928
1349	Info Systems Analyst III	1.00	<b>1.00</b>	\$	71,601	\$ 71,601
1401	Info Systems Technician	1.00	<b>1.00</b>	\$	50,992	\$ 50,992
1535	Clerical Assistant II	2.00	<b>2.00</b>	\$	35,402	\$ 70,804
1536	Contracts Processing Clerk	3.00	<b>3.00</b>	\$	39,397	\$ 118,191
1746	Word Processing Operator	4.00	<b>3.00</b>	\$	37,689	\$ 113,067
1783	Principal Procurement Specialist	3.00	<b>3.00</b>	\$	71,552	\$ 214,656
1850	Sr Procurement Specialist	1.00	<b>1.00</b>	\$	65,173	\$ 65,173
1855	Sr Civil Engineer	2.00	<b>2.00</b>	\$	92,566	\$ 185,132
1879	Sr Clerk/Typist	1.00	<b>1.00</b>	\$	43,313	\$ 43,313
1917	Supv Management Analyst	3.00	<b>1.00</b>	\$	80,127	\$ 80,127
2132	Department Director	1.00	<b>1.00</b>	\$	140,005	\$ 140,005
2176	Purchasing Agent	1.00	<b>1.00</b>	\$	119,758	\$ 119,758
2214	Deputy Director	1.00	<b>0.00</b>	\$	-	\$ -
	Vacancy Savings	0.00	<b>0.00</b>	\$	-	\$ (122,607)
	<b>Total</b>	<b>52.00</b>	<b>43.00</b>		<b>\$</b>	<b>2,522,529</b>

### CENTRAL STORES INTERNAL SERVICE FUND

#### Central Stores

<i>Class</i>	<i>Position Title</i>	<i>FY 2008 Positions</i>	<i>FY 2009 Positions</i>		<i>Salary</i>	<i>Total</i>
1104	Account Clerk	1.00	<b>2.00</b>	\$	37,878	\$ 75,756
1194	Auto Messenger II	6.00	<b>6.00</b>	\$	35,470	\$ 212,819
1236	Auto Messenger	1.00	<b>1.00</b>	\$	31,137	\$ 31,137
1237	Payroll Specialist I	1.00	<b>0.00</b>	\$	-	\$ -
1282	Procurement Specialist	1.00	<b>1.00</b>	\$	59,285	\$ 59,285
1533	Stores Operations Supv	1.00	<b>1.00</b>	\$	54,848	\$ 54,848
1535	Clerical Assistant II	2.00	<b>2.00</b>	\$	35,402	\$ 70,804
1879	Sr Clerk/Typist	1.00	<b>1.00</b>	\$	43,314	\$ 43,314
1899	Stock Clerk	5.00	<b>5.00</b>	\$	36,017	\$ 180,083
1901	Storekeeper III	1.00	<b>1.00</b>	\$	47,682	\$ 47,682
1902	Storekeeper I	1.00	<b>1.00</b>	\$	41,330	\$ 41,330

# Purchasing & Contracting

## Salary Schedule

### CENTRAL STORES INTERNAL SERVICE FUND

#### Central Stores

<i>Class</i>	<i>Position Title</i>	<i>FY 2008 Positions</i>	<i>FY 2009 Positions</i>	<i>Salary</i>		<i>Total</i>
1903	Storekeeper II	1.00	<b>1.00</b>	\$	45,490	\$ 45,490
	Vacancy Savings	0.00	<b>0.00</b>	\$	-	\$ (25,876)
	Overtime Budgeted	0.00	<b>0.00</b>	\$	-	\$ 16,276
	<b>Total</b>	22.00	<b>22.00</b>			<b>\$ 852,948</b>
<b>PURCHASING &amp; CONTRACTING TOTAL</b>		74.00	<b>65.00</b>			<b>\$ 3,375,477</b>

# Purchasing & Contracting

## Revenue and Expense Statement (Non-General Fund)

### CENTRAL STORES INTERNAL SERVICE FUND 50010

	FY 2007* BUDGET	FY 2008* BUDGET	FY 2009* PROPOSED
<b>BEGINNING BALANCE AND RESERVE</b>			
Balance from Prior Year	\$ 1,117,105	\$ 1,717,409	\$ 1,247,937
<b>TOTAL BALANCE</b>	\$ 1,117,105	\$ 1,717,409	\$ 1,247,937
<b>REVENUE</b>			
Interoffice Mail Delivery	\$ 329,011	\$ 329,011	\$ 329,011
Reimbursed Material	\$ 17,337,636	\$ 21,967,515	\$ 21,967,515
Reimbursed Materials Surcharge	\$ 1,525,712	\$ 1,525,712	\$ 1,525,712
Surplus Property Sales	\$ 30,000	\$ 30,000	\$ 30,000
Surplus Property Surcharge	\$ 75,000	\$ 75,000	\$ 75,000
<b>TOTAL REVENUE</b>	\$ 19,297,359	\$ 23,927,238	\$ 23,927,238
<b>TOTAL BALANCE AND REVENUE</b>	\$ 20,414,464	\$ 25,644,647	\$ 25,175,175
<b>OPERATING EXPENSE</b>			
Inventory Purchases	\$ 16,967,515	\$ 21,967,515	\$ 21,967,515
Personnel and Non-Personnel Expense	\$ 1,729,540	\$ 1,861,786	\$ 1,822,220
<b>TOTAL OPERATING EXPENSE</b>	\$ 18,697,055	\$ 23,829,301	\$ 23,789,735
<b>TOTAL EXPENSE</b>	\$ 18,697,055	\$ 23,829,301	\$ 23,789,735
<b>BALANCE</b>	\$ 1,717,409	\$ 1,815,346	\$ 1,385,440
<b>TOTAL EXPENSE, RESERVE AND BALANCE</b>	\$ 20,414,464	\$ 25,644,647	\$ 25,175,175

\* At the time of publication audited financial statements for Fiscal Year 2007 were not available. Therefore, the Fiscal Years 2007 and 2008 columns reflect final budget amounts from the Fiscal Year 2007 and 2008 Annual Budgets. As such, balances and reserves do not reflect carryover from the previous fiscal year.